

**USAID/Central America Regional Program**  
**ANNUAL REPORT FY 2003**

3/13/2003

## **Please Note:**

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The rapidly growing U.S. Hispanic population (13% of the total population) has become the largest U.S. minority group, which increasingly influences U.S. foreign policy interests. Over 35 million Americans speak Spanish at home, and more than half of all documented and undocumented immigrants are Hispanic. Five percent of the documented U.S. Hispanic population is from Central America, and four out of the leading ten source countries for U.S. undocumented immigrants are from the region. This combined population of documented and undocumented residents in the United States sends \$4 billion of annual remittances that are essential for sustaining the region's economy. U.S. national interests in Central America include trade, democracy, and the containment of illegal migration, organized crime and narco-trafficking. Trade is currently at the top of the region's political agenda.

The United States is prepared to negotiate a Central American Free Trade Agreement (CAFTA) with the region, which will serve as a vital step toward completion of the Free Trade Agreement of the Americas by 2005. Since 1990 trade between the five countries and the United States has nearly tripled. The United States is Central America's most important trading partner, accounting for 43% of Central American exports and providing 41% of its imports. The estimated U.S. private investment in the region is around \$1 billion, and is anticipated to substantially increase under CAFTA. The free trade agreement is expected to reinforce the isthmus' integration process and help maintain stability while assisting the region to turn around its faltering economy. Current popular discontent is fueled by rampant corruption, increasing criminal activity and the economic crisis. U.S. assistance will play a critical role in addressing the challenge of successfully implementing CAFTA by engaging the region's governments and civil society. A continuing challenge is the persistence of organized crime. The Mesoamerican corridor is a main conduit for illegal migrants and narcotics, and is recognized as the preferred transshipment route for alien smuggling and up to 70% of illicit South American narcotic shipments to the United States. The region's weak governmental institutions potentially could undermine the fragile progress of democratic strengthening and U.S. counter-narcotics activities. Weak governments in the region could imperil U.S. efforts to contain illegal migration, HIV/AIDS, organized crime, and other potential threats to homeland security.

Our report includes key achievements in support of the prospective Central American Free Trade Agreement (CAFTA) with the region, which will serve as a first step toward completion of the Free Trade Agreement of the Americas by 2005. It also marks the initiation of our rural diversification strategy, which is an important element of the U.S. Government's response to the rural crisis in the isthmus. The rural diversification strategy also supports the implementation of necessary phyto-sanitary standards that are essential for Central America's successful participation in CAFTA. We are proud of the Central America Program's role in these important U.S. initiatives for the region.

Despite the shocks to world and intra-regional trade brought on by the global economic downturn and the region's acute coffee crisis, the Central America Program has reinforced the region's acceptance of an outward-looking, export-led strategy as the best way to achieve rapid, sustainable and equitable economic growth. The regional environment program similarly performed strongly. The Mission introduced important market-based mechanisms to protect the environment, reduced threats to natural resources, and extended mechanisms for environmental protection in key trans-boundary sites to help consolidate and conserve the Mesoamerica Biological Corridor. The Central America Program has promoted specialty coffee to help the beleaguered sector recover some lost ground, which will support the long-term recovery of Central American economies. Finally, the regional HIV/AIDS program has been recognized for its innovative, dynamic implementation of activities to address the epidemic and improve strategic planning across the region on this critical issue.

The U.S. Commerce Department, Department of Agriculture, Department of Health and Human Services, and the Environmental Protection Agency are all presently working together in the delivery of assistance for the achievement of U.S. objectives.

USAID has been successful encouraging other donors to support its pioneering regional activities in trade and HIV/AIDS. Overall development assistance to the region totals around \$1.8 billion per year, excluding debt relief. The United States and Canada are the region's first and second largest bilateral partners,

followed by Japan, the Netherlands and Germany. Multilateral donor support is lead by the Inter-American Development Bank, followed by the Central American Bank of Economic Integration, the World Bank, and the European Union.

**Environmental Compliance:** Anticipated needs for new or amended Initial Environmental Examinations for the Central America Regional program:

-The Regional Environmental Program (PROARCA) may submit amendments under Global Climate Change and Opportunity Alliance Activities as they develop. Environmental documentation, per the deferral and conditions within the Coral Reef amendment (IEE-01-13), may be submitted to LAC within the coming year, if necessary.

-The regional Rural Economic Diversification Program will submit an IEE after defining the diversification activities, likely in mid-2003. A reconsideration of the positive determination for the Regional Coffee Program will also be requested in January 2003.

Compliance with Current IEEs: All Central America regional projects are in compliance with current IEEs

**Country Closeout & Graduation:** Not applicable.

#### **D. Results Framework**

##### **596-001 Increased Central American Participation in Global Markets**

SO Level Indicator: Total Central American Merchandise Trade as a Percentage of GDP

IR 1.1 Improved Trade and Investment Policies

IR 1.2 More Equitable and Better Functioning Labor Markets

IR 1.3 Increased Private Investment in Energy and Telecommunications

##### **Discussion:**

##### **596-002 Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Targeted Areas**

IR 2.1 Improved Consolidation of the Central American Protected Areas System

IR 2.2 Increased Local Empowerment for Stewardship of the Environment and Natural Resources in Target Areas

IR 2.3 Central American Environmental Policy Frameworks Harmonized and Strengthened

##### **Discussion:**

##### **596-003 Enhanced Central American capacity to respond to the HIV/AIDS crisis**

IR 3.1 Improved Regional Policy Environment to Support HIV/AIDS Policies and Programs in Central America

IR 3.2 Improved NGO Capacity to Deliver HIV/AIDS Prevention Projects

IR 3.3 Effective Condom Social Marketing

##### **Discussion:**

##### **596-004 Improved Regional Capacity to Mitigate Transnational Effects of Disasters**

IR 4.1 Framework Established for Sound Transnational Watershed Management

IR 4.2 Regional Guidelines and Standards Developed to Reduce Road Network Vulnerability to Natural Disasters

IR 4.3 Costa Rican Education System Capacity Upgraded in Selected Communities affected by Mitch Nicaraguan Migration

IR 4.4 Strengthening Regional Policies that Reduce Energy System Vulnerability to Disaster

**Discussion:**

**596-005 Increased Central American Competitiveness in Global Markets**

SO Level Indicator: Central American exports as percentage of Latin American exports (Latin American except Mexico)

- IR 5.1 More Open Trade and Investment Policies
- IR 5.2 Accelerated Central American Market Integration
- IR 5.3 More Equitable and Efficient Labor Markets
- IR 5.4 Effective Preparation of Central America for Trade Negotiations

**Discussion:**

**596-006 Improved Environmental Management in the Mesoamerican Biological Corridor**

SO Level Indicator: Number of hectares under improved management

- IR 6.2 Expanded Market Access for Environmentally Sound Products and Services
- IR 6.3 Harmonized Environmental Regulations
- IR 6.4 Increased Use of Less Polluting Technologies
- IR 6.1 Improved Protected Area Management in the Mesoamerican Biological Corridor

**Discussion:**

**596-007 Strengthened Municipal Finance Systems for Local Governments in Central America**

**Discussion:**

**596-008 Enhanced Central America Capacity to Respond to HIV/AIDS Crisis - Phase II**

SO Level Indicator: AIDS Policy Environment Score (PES)/AIDS Program Effort Index (API)

- IR 8.1 Appropriate HIV/AIDS Policies and Strategic Plans Implemented
- IR 8.2 Improved Prevention, Support Systems and Other Services Implemented
- IR 8.3 An Effective Behavior Change Program for High-Risk Groups

**Discussion:**

**596-009 Rural Prosperity**

SO Level Indicator: The value of Central America and Dominican Republic quality coffee exports/value of global quality coffee exports

SO Level Indicator: The value of Central American nontraditional exports/value of global nontraditional exports

- IR 9.1 Improved Competitiveness and Sustainability of Quality Coffee Exports
- IR 9.2 Improved Competitiveness of Other Rural Nontraditional Exports (NTEs)

**Discussion:** The baseline figures and FY 2003 and FY 2004 targets for this new SO are being developed and will be in place by August 2003.

**596-XXXX XXXX**

**Discussion:**

## Selected Performance Measures - Central America Regional Program

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Indicator (all data should pertain to FY or CY 02)	OU Response			Significant Result: Description of the significant result for a strategic objective	Data Quality Factors: Information relevant to the collection of this indicator data, e.g. "this data was not collected last year because it is only collected every five years."
Pillar I: Global Development Alliance					
Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?					
596-006 Improved Environmental Management in the Mesoamerican Biological Corridor	No			This new SO was just approved at the end of FY 02. Significant results are expected in FY 03 as implementation gets underway.	
596-009 Increased Diversification of the Rural Economy	No				
a. How many alliances did you implement in 2002? (list partners)	1				USAID is developing an alliance partnership with the United Nations Foundation (UNF) to support a two-year activity to promote sustainable management of the Mesoamerican Barrier Reef. Opportunity Alliance funding of \$1.5 million will be complemented by UNF funding of \$1.5 million for the effort. Stakeholder consultations are underway to finalize the program description, and implementation is expected to begin by the 3rd quarter of FY 03.

b. How many alliances do you plan to implement in FY 2003?

12				<p>596-008 Enhanced Central America Capacity to Respond to HIV/AIDS Crisis-Phase II. The International Banana Association (IBA) has submitted a proposal for a broad USAID/IBA alliance that would deal with a number of different development issues in several LAC countries including HIV/AIDS, education, economic growth and the environment. The HIV/AIDS team is contemplating forming an alliance with the IBA for prevention activities and condom social marketing with their workers in Central America. 596-009 Increased Diversification of the Rural Economy. The number of alliances to be implemented under this SO in 2003 is still uncertain. Under the rural diversification component, it is expected that a regional organic cacao deal takes place with Organic Commodity Products/Chocolate. The Regional Coffee Program is moving closer to startup phase with potential coffee alliance partners including Green Mountain Coffee Roasters, Atlantic, Nuemann (EDE Consulting), Volcafe, Procter and Gamble, Starbucks, Dalli Brothers, Thanksgiving Coffee, Dunkin Donuts, Utz Kapeh and many others.</p>
What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	1500000			<p>USAID contributed \$1.5 million and the United Nations Foundation contributed \$1.5 million for the Coral Reef Alliance.</p>

Pillar II: Economic Growth, Agriculture and Trade

USAID Objective 1: Critical, private markets expanded and strengthened

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

596-001 Increased Central American Participation in Global Markets

Yes			<p>The trade SO made a significant contribution to strengthening intra-regional trade. Cross-border customs procedures for intra-regional trade in Central America continued to be streamlined. Intra-regional trade outperformed exports to the rest of the world. Total exports increased in 2002 by 2.5%, while intra-regional exports increased by 6.6%.</p>	<p>Other donors supporting Central American integration process also contribute to the development of intra-regional trade. The main actor in the integration process is the Secretariat for Central American Economic Integration (SIECA), and USAID supports around 50% of its activities on regional integration. The original data sources for both GDP and trade statistics are the Central Banks of the countries, which are reliable data sources recognized by international institutions, such as the World Bank, International Monetary Fund, etc.</p>
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596-005 Increased Central American Competitiveness in Global Markets	Yes			<p>The major achievement of USAID's assistance under the Regional Trade Program is that the Central American countries are ready to negotiate a free trade agreement with the United States (CAFTA) starting in January 2003. This is a result of assistance provided by USAID to the countries in meeting other trade agreements such as those incurred under the World Trade Organization, the Free Trade Area of the Americas and the Central American Common Market. In FY 2002, USAID was the first donor agency to react to the needs of the Central American countries to prepare for CAFTA by adding a rapid-response activity to the ongoing program.</p> <p>This result will be measured through the following indicator: Increase in Central American Exports to the United States. This indicator was not tracked last year because CAFTA negotiations will start in January 2003.</p>
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USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?

596-009 Increased Diversification of the Rural Economy	No			<p>This new SO was just approved at the end of FY 02. Significant results are expected in FY 03 as implementation gets underway.</p>
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USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?

a. Number of children enrolled in primary schools affected by USAID basic education programs (2002 actual)	Male	Female	Total	
b. Number of children enrolled in primary schools affected by USAID basic education programs (2003 target)	Male	Female	Total	

USAID Objective 5: World's environment protected by emphasizing policies and practices ensuring environmentally sound and efficient energy use, sustainable urbanization,
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?

596-006 Improved Environmental Management in the Mesoamerican Biological Corridor	No			
a. Hectares under Approved Management Plans (2002 actual)	1623601			<p>The 1,623,601 hectares being reported in FY 2002 represent the universe of hectares in 16 Protected Areas in trans-boundary sites whose environmental management will be improved during the life of the program. The program will work in a certain number of protected areas every year to improve its management. During 2002 the program established the baseline data.</p>

b. Hectares under Approved Management Plans (2003 target)	588431			These hectares represent six protected areas that the program will be working in during 2003. This is the number of protected areas presenting some step of improved management and is represented by the level of the protected area on a scale of improved mangement steps, where the scale is: Level 4: institutional and/or community capacity strengthened and monitoring and evaluation initiated. Level 3: financial mechanisms in place. Level 2: management activities initiated and a site or management plan drafted. Level 1: rapid or preliminary assessments completed and a legal framework established. Level 0: no management action exists. During 2002 the SOT invested a lot of effort in setting the baseline for the number of protected areas and the level that they are at. During 2003, the program will be working in six protected areas bringing them to different levels of management. This performance is represented through an IR level indicator.
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Pillar III: Global Health
USAID Objective 1: Reducing the number of unintended pregnancies

Did your program achieve a significant result in the past year that is likely to contribute to this objective?				
Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	%			

USAID Objective 2: Reducing infant and child mortality
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?				
Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total	
Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total	
Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total	
Were there any confirmed cases of wild-strain polio transmission in your country?				

USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?				
Percentage of births attended by medically-trained personnel (DHS/RHS)	%			

USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries
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Did your program achieve a significant result in the past year that is likely to contribute to this objective?

596-008 The HIV/AIDS Problem in Central America Contained and Controlled	Yes		<p>The most gratifying aspect of this year's results has been the near universal recognition of the USAID Program's leadership based on cumulative performance over the past several years, in some cases substantiated by external assessments, and in others by the increased utilization of regional mechanisms including the commitment of resources by bilateral USAID missions and other bilateral donors, such as the Dutch, the British, and the Germans. USAID and our partners have become recognized as the leaders in HIV/AIDS prevention in the region.</p> <p>Even though this is an "off data year" in the sense that a number of the SO's higher-level indicators (behavior change and the AIDS Program Effort Index) were not collected and reported on this year because they are collected every three years, the SOT still has considerable evidence that the program is making significant advances. The SO exceeded its 2002 targets in the number of positive policy changes, the amount of technical assistance provided by Central Americans, condom distribution in high-risk outlets, and condom sales. We are only reporting on two out of three indicators in this Annual Report, because the format for the indicator table does not allow us to enter more than one row for the data. In the case of the percentage of high risk outlets selling condoms, the data is gathered by country, therefore, we were not able to report on this.</p>
a. Total condom sales (2002 actual)	5474323		<p>The target figure for 2002 reported in last year's Annual Report was 6,451,500. The actual figure being reported is for the Fiscal Year (sales through September 2002) and the target was set for the Calendar Year (through December 2002). The reporting period was changed from Calendar Year to a Fiscal Year basis following instructions received from USAID/Washington. This figure includes number of Vive, Vive Colors, and Vive Max condom sales. One data limitation is that this indicator is actually a measure of the number of Vive condoms sold to the distribution points, rather than a measure of actual sales to consumers. Increased distribution of condoms may not necessarily result in increased condom use among high-risk populations.</p>
b. Total condom sales (2003 target)	6000000		<p>This figure includes Vive, Vive Colors and Vive Max condom sales. One data limitation is that this indicator is actually a measure of the number of Vive condoms sold to the distribution points, rather than a measure of actual sales to consumers. Increased distribution of condoms may not necessarily result in increased condom use among high-risk populations.</p>
National HIV Seroprevalence Rates reported annually (Source: National Sentinel Surveillance System)	%		

Number of sex partners in past year (Source: national survey/conducted every 3-5 years)per DHS or other survey)				
Median age at first sex among young men and women (age of sexual debut) ages 15-24 (Source: national survey/conducted every 3-5 years) per DHS or other survey)	Male	Female	Total	
Condom use with last non-regular partner (Source: national survey/conducted every 3-5 years)per DHS or other survey)	%			
Number of Clients provided services at STI clinics				
Number of STI clinics with USAID assistance				
Number of orphans and other vulnerable children receiving care/support				
Number of Orphans and Vulnerable Children programs with USAID assistance				
Number of community initiatives or community organizations receiving support to care for orphans and other vulnerable children				
Number of USAID-supported health facilities offering PMTCT services				
Number of women who attended PMTCT sites for a new pregnancy in the past 12 months				
Number of women with known HIV infection among those seen at PMTCT sites within the past year.				
Number of HIV-positive women attending antenatal clinics receiving a complete course of ARV therapy to prevent MTCT (UNGASS National Programme & Behavior Indicator #4)				
Number of individuals reached by community and home-based care programs in the past 12 months				
Number of USAID-assisted community and home-based care programs				
Number of clients seen at Voluntary Counseling and Testing (VCT) centers				
Number of VCT centers with USAID assistance				

Number of HIV-infected persons receiving Anti-Retroviral (ARV) treatment				USAID/G-CAP reported on this indicator last year, but since this is not a program indicator, nor a data quality assessment was performed to it this year, USAID is not reporting on it. It will be included as part of the Performance Management Plan for the revised Regional HIV/AIDS Strategy.
Number of USAID-assisted ARV treatment program				
a. Number of individuals treated in STI programs (2002 actual)	Male	Female	Total	
b. Number of individuals treated in STI programs (2003 target)	Male	Female	Total	
a. Is your operating unit supporting an MTCT program?				
b. Will your operating unit start an MTCT program in 2003?				
a. Number of individuals reached by community and home based care programs (2002 actual)	Male	Female	Total	
b. Number of individuals reached by community and home based care programs (2003 target)	Male	Female	Total	
a. Number of orphans and vulnerable children reached (2002 actual)	Male	Female	Total	
b. Number of orphans and vulnerable children reached (2003 target)	Male	Female	Total	
a. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 actual)	Male	Female	Total	
b. Number of individuals reached by antiretroviral (ARV) treatment programs (2003 target)	Male	Female	Total	
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance				

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

a. Number of insecticide impregnated bed-nets sold (Malaria) (2002 actual)				
b. Number of insecticide impregnated bed-nets sold (Malaria) (2003 target)				
a. Proportion of districts implementing the DOTS Tuberculosis strategy (2002 actual)	%			
b. Proportion of districts implementing the DOTS Tuberculosis strategy (2003 target)	%			

Pillar III: Democracy, Conflict and Humanitarian Assistance
USAID Objective 1: Strengthen the rule of law and respect for human rights

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 2: Encourage credible and competitive political processes

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 3: Promote the development of politically active civil society

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 4: Encourage more transparent and accountable government institutions

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 5: Mitigate conflict

Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?

Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?

Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total	
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USAID Objective 6: Provide humanitarian relief

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

Number of beneficiaries				
Crude mortality rates	%			
Child malnutrition rates	%			
Did you provide support to torture survivors this year, even as part of a larger effort?				
Number of beneficiaries (adults age 15 and over)	Male	Female	Total	
Number of beneficiaries (children under age 15)	Male	Female	Total	